### MEMORANDUM

## #02-13

**TO:** All Department and School Fiscal Officers

**FROM:** Trisha L. Neely

Director

**DATE:** April 30, 2002

SUBJECT: FIXED ASSETS

Information contained in the Fixed Asset Subsystem is utilized to report the State's fixed assets on the FY 2002 General Purpose Financial Statements. In order to maintain a clean audit opinion on the State's financial statements and a strong bond rating, it is absolutely essential the information in the Fixed Asset Subsystem is correct.

Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, was issued in June 1999 to establish new financial reporting requirements for state and local governments. Implementation of GASB 34 will create new accounting, financial reporting, and policy issues for the State.

As we move toward a successful implementation of GASB 34, it is important that State organizations continue to maintain accurate and up to date information in the Fixed Asset Subsystem. The GAAP Report of Fixed Assets over \$15000.00 is being issued in conjunction with this memo that will be used as a basis for reporting fixed assets in the Fiscal Year 2002 CAFR. Please review this report carefully and make any necessary adjustments, both additions and deletions, prior to the close of the fiscal year. This includes updating any skeletons in the Fixed Asset Subsystem by the close of the fiscal year.

#### REPORTING CRITERIA FOR FIXED ASSETS

All furniture, equipment, and vehicles with a useful life of more than one (1) year and a purchase or acquisition cost of more than \$15,000 per item are required to be included and maintained in the State's Fixed Asset Subsystem. Furthermore, all buildings, land, land improvements, and construction-in-progress are to be reported in the Fixed Asset Subsystem <u>at any value</u>.

## PHYSICAL INVENTORY

The Budget and Accounting Policy Manual requires that "A physical inventory of the property must be taken and the results reconciled with the property records at least every two years." Due to the implementation of GASB 34, each State organization must perform a physical inventory this year. Please submit the attached certification verifying such inventory was conducted and submit the certification form to Dave Walls in the Division of Accounting no later than August 15, 2002. Documentation to support that a physical inventory was performed must be made available for review by the auditors during the fiscal year 2002 financial audit.

The State has a significant investment in fixed assets. To improve financial reporting, accountability and operational efficiencies in managing these assets, we must continue to maintain accurate property inventory records. Your assistance is greatly appreciated.

Thank you for your cooperation. If you have any questions concerning the above, please contact Dave Walls at (302) 744-1040 or via e-mail @ (dcwalls@state.de.us).

# MEMORANDUM

TO:	David C. Walls, CGFM Division of Accounting
FROM:	
DEPT:	
SUBJECT:	PROPERTY INVENTORY RECONCILIATION - FY 2002
report of Fixe	physical inventory has been performed and reconciled with the annual d Assets over \$15,000 (F25F2705) and all purchases and acquisitions that to be reported during the past fiscal year have been added to the Fixed em.
	Signed:
	Date:

This form is due in the Division of Accounting by **August 15, 2002.** (FAX number 302-744-1045)